

Message Text

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ORIGIN EA-12

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TO AMEMBASSY MANILA

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FOR USADB

E.O. 11652: N/A

TAGS: EGEN, ETRD

SUBJECT: PROPOSALS TO PROMOTE US PROCUREMENT FROM ADB-
FINANCED PROJECTS

REF: MANILA 13071

1. WASHINGTON AGENCIES APPRECIATE USADB'S PROMPT AND
EXTREMELY HELPFUL RESPONSES TO OUR QUERIES ON WAYS TO
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PROMOTE US PROCUREMENT FROM ADB-FINANCED PROJECTS. WE
HAVE COMPLETED AN INITIAL ASSESSMENT OF USADB AND OTHER
POSTS' COMMENTS AND RECOMMENDATIONS. WE ARE SENDING TO YOU
AN INTERAGENCY MEMORANDUM GIVING OUR VIEWS ON THE MOST
SIGNIFICANT PROPOSALS. WE WOULD LIKE TO RECEIVE YOUR
COMMENTS ON THESE, PARTICULARLY THOSE REQUIRING USADB
ACTION BEFORE TAKING ANY DECISIONS. WE ARE ALSO SEEKING

COMMENTS FROM THE U.S. BUSINESS COMMUNITY. FOR EXAMPLE, THE AMERICAN CONSULTING ENGINEERS COUNCIL HAS AGREED TO ASK ITS MEMBERS TO FILL OUT A QUESTIONNAIRE ON ADB PROCUREMENT. THE RESULTS OF THIS AND OTHER SURVEYS WILL BE FACTORED INTO OUR FINAL ASSESSMENT AND CONCLUSIONS. WE PLAN TO HOLD AN INTERAGENCY MEETING PROBABLY IN MID-SEPTEMBER AT THE ASSISTANT SECRETARY OR DEPUTY ASSISTANT SECRETARY LEVEL TO TAKE UP THE INTERAGENCY WORKING GROUP'S RECOMMENDATIONS.

2. WE ARE CONSIDERING SEVERAL POSSIBLE PROPOSALS AFFECTING USADB OPERATIONS. WE WOULD APPRECIATE YOUR COMMENTS BEFORE FORMULATING OUR RECOMMENDATIONS. THE FOLLOWING ARE SEVERAL TENTATIVE CONCLUSIONS:

(A) PROCEDURES: BANK GUIDELINES FOR PROJECT PREPARATION SHOULD BE REVIEWED, PARTICULARLY REGARDING WHETHER THE SPECIFICATIONS ARE BASED ON QTE TOTAL COSTS UNQTE, SUCH AS REPLACEMENT, REPAIR AND MAINTENANCE COSTS, OR IS UNDUE EMPHASIS GIVEN TO INITIAL PURCHASE PRICE. ALSO, IS THE CUSTOMARY 60-DAY BID DEADLINE TOO SHORT A PERIOD?

(B) STAFF CONTACTS: SOME U.S. FIRMS SEEK INCREASED CONTACTS WITH THE BANK STAFF TO OBTAIN INFORMATION ON BANK PROJECTS AND PROCUREMENT OPPORTUNITIES. SHOULD USADB TAKE ADDITIONAL MEASURES TO FACILITATE CONTACTS SUCH AS THE FOLLOWING: (1) ENCOURAGE THE BANK STAFF TO MEET WITH U.S. LIMITED OFFICIAL USE

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BUSINESS GROUPS WHEN THEY ARE IN THE U.S.; (2) ORGANIZE A SPECIAL BANK TEAM TO VISIT KEY BUSINESS GROUPS AND CITIES IN THE U.S. TO EXPLAIN BANK PROCUREMENT PROCEDURES AND OPPORTUNITIES; (3) ENCOURAGE U.S. FIRMS TO SUBSCRIBE TO THE BANK'S PRESS RELEASES; (4) ASK THE USADB STAFF TO SPEAK TO BUSINESS GROUPS IN THE REGION AND IN THE U.S. WHEN THEY ARE HERE ON BUSINESS OR HOME LEAVE; (5) CONTINUE TO FACILITATE U.S. BUSINESS CONTACTS WITH THE STAFF AND RESPOND TO QUERIES FOR INFORMATION; AND (6) CONTINUE TO DISCUSS WITH MANAGEMENT WAYS TO RECRUIT AMERICANS FOR STAFF POSITIONS?

(C) WE BELIEVE THAT POSTS' REPLIES INDICATE AN INADEQUATE UNDERSTANDING OF WHY U.S. FIRMS ARE NOT BIDDING AND ARE FAILING TO WIN BIDS. A SAMPLE STUDY OF 10-15 PROJECTS ON WHICH THE BIDS HAVE BEEN REWARDED MAY PROVIDE SUCH INFORMATION. FOR EXAMPLE, SUCH A STUDY WOULD HELP IDENTIFY THE FOLLOWING: (1) HOW MANY U.S. FIRMS BID ON THE PROJECT; (2) WHAT WAS THE BASIS FOR AWARDING THE BID; (3) WHAT EFFORTS WERE MADE BY U.S. AND OTHER FIRMS TO WIN THE BID; (4) WHICH FIRMS WERE SHORT-LISTED AND WHY; AND (5) WHAT LESSONS CAN BE LEARNED? REFTTEL INDICATES THAT U.S. FIRMS ARE NOT BIDDING ON MOST PROJECTS FOR WHICH THERE ARE

COMPETITIVE BIDS. SUCH A STUDY MAY HELP INDICATE IF THERE ARE PARTICULAR FACTORS CONTRIBUTING TO THIS TREND. WE WOULD APPRECIATE USADB COMMENTS REGARDING THE FEASIBILITY OF SUCH A STUDY AND WHETHER IT HAS THE STAFF RESOURCES OR SHOULD WASHINGTON-AGENCIES CONSIDER SENDING ONE OR MORE EXPERTS TO HELP CARRY IT OUT? THIS STUDY WOULD LIKELY INVOLVE VISITS TO SEVERAL MEMBER COUNTRIES TO MEET WITH PROJECT EXECUTING AGENCIES AND CONSULTING ENGINEERS.

(D) IFI-PROCUREMENT OFFICER IN ASIA: IFI-PROCUREMENT HAS

REACHED NEARLY THREE BILLION DOLLARS ANNUALLY IN ASIA AND THIS AMOUNT IS GROWING RAPIDLY. COMMENTS BY A NUMBER OF POSTS INDICATE THAT A COORDINATED, INTENSIFIED EFFORT IS LIMITED OFFICIAL USE

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NEEDED TO STIMULATE U.S. BUSINESS INTEREST IN THESE OPPORTUNITIES. WE ARE INCLINED TO ASSIGN AN EXPERIENCED COMMERCIAL OFFICER TO ASSIST USADB AND THE POSTS IN THE REGION IN INCREASING U.S. PROCUREMENT FROM THE IFIS. THIS OFFICER MIGHT BE ASSIGNED JOINTLY TO USADB AND EMBASSY MANILA. HE WOULD BE PRIMARILY UNDER USADB SUPERVISION, ESPECIALLY REGARDING ALL ADB ACTIVITIES INCLUDING TRIPS TO MEMBER COUNTRIES TO FOLLOW UP ON PROCUREMENT OPPORTUNITIES. EMBASSY MANILA WOULD SUPERVISE HIS WORK ON IBRD AND OTHER IFI FUNDED PROCUREMENT. WE WOULD APPRECIATE USADB COMMENTS, PARTICULARLY WHETHER ADDITIONAL STAFF RESOURCES ARE REQUIRED TO CARRY OUT AN INTENSIFIED PROCUREMENT CAMPAIGN AND WHETHER SHARING SUPERVISION WOULD BE PRACTICABLE. SUCH AN ASSIGNMENT WOULD BE UNDERTAKEN ON A TWO-YEAR EXPERIMENTAL BASIS AND USADB WOULD BE ASKED TO REVIEW QUALIFICATIONS OF ANY CANDIDATES BEFORE SELECTING ANYONE.

3. WE ARE ALSO CONSIDERING SEVERAL OTHER ACTIONS AFFECTING USADB WHICH YOU HAVE ALREADY COMMENTED ON OR ARE ABOUT TO BE CARRIED OUT. WE WOULD WELCOME ANY FURTHER COMMENTS WHICH YOU MIGHT HAVE:

(A) MOI: ONCE AND IF THE MOI IS DECLASSIFIED, USADB, ALL POSTS AND WASHINGTON AGENCIES SHOULD ENCOURAGE U.S. FIRMS AND THEIR AFFILIATES TO SUBSCRIBE TO THE MOI. WHEN POSSIBLE AND WHERE APPLICABLE, THE MOI SHOULD INCLUDE THE ADDRESS OF THE EXECUTING AGENCY AND THE DEADLINE FOR SUBMISSION OF BIDS.

(B) CRITIQUE: POSTS' COMMENTS INDICATE THAT IT WOULD BE HELPFUL TO CRITIQUE PROCUREMENT DECISIONS ONCE BIDS ARE AWARDED. SUCH FOLLOW UP MAY REVEAL WAYS U.S. FIRMS COULD LIMITED OFFICIAL USE

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IMPROVE THEIR BIDS AND AS WELL AS WHAT ARE THE PRINCIPAL FACTORS IN DETERMINING THE WINNING BID. PER REFTEL, THIS CRITIQUE MAY INDICATE THAT U.S. FIRMS ARE MISSING OUT ON OPPORTUNITIES.

(C) CONGRESSIONAL FOLLOW-UP: THE IBRD INFORMATION OFFICE HAS HIRED AN AMERICAN WITH BACKGROUND IN U.S. CONGRESSIONAL RELATIONS TO HELP PUBLICIZE CONTRACT AWARDS, PARTICULARLY TO CONGRESS. THE U.S. CHAMBER OF COMMERCE IS REGULARLY SENDING LETTERS TO MEMBERS OF CONGRESS TO INFORM THEM OF IBRD CONTRACTS WHICH ARE AWARDED TO FIRMS WITHIN THE STATE OR DISTRICT OF THE MEMBER. THIS SIMILAR INFORMATION SYSTEM FOR ADB-FINANCED PROCUREMENT WOULD PROMOTE CONGRESSIONAL

INTEREST IN BANK ACTIVITIES AND INCREASE SUPPORT FOR U.S. CONTRIBUTIONS TO THE BANK. WE ARE NOT PROPOSING THAT THE ADB HIRE A SPECIAL OFFICIAL FOR THIS PURPOSE, BUT WE WOULD LIKE TO LOOK INTO OBTAINING RAPIDLY INFORMATION ON PROCUREMENT AWARDS.

(D) DATA: REFTEL INDICATES THAT U.S. FIRMS TEND TO DO WELL IN WINNING CONTRACTS FOR CERTAIN TYPES OF PROJECTS AND POORLY IN OTHERS. WE WOULD APPRECIATE RECEIVING DETAILED STATISTICS. WE ARE PARTICULARLY INTERESTED IN PROCUREMENT DATA INVOLVING EQUIPMENT, BROKEN DOWN BY PRODUCT GROUP TO THE EXTENT POSSIBLE. THIS MIGHT HAVE TO BE OBTAINED IN THE PROPOSED PROJECT SAMPLE IN PARA 2 C ABOVE.

(E) REPORTING CABLES: WE WELCOME USADB DECISION TO REPORT TO WASHINGTON AND APPROPRIATE POSTS NEW PROJECTS WHEN FIRST LISTED IN THE MOI. THESE WILL BE PUBLISHED IN COMMERCE AMERICA. AT THIS STAGE, IT IS CRITICAL FOR BOTH USADB AND THE POSTS TO OBTAIN INFO ON THE EXACT STATUS OF THE PREPARATION OF A SHORT LIST FOR PROJECTS ON WHICH CONSULTING SERVICE WILL BE REQUIRED (STATE A-506, 1/30/76). USADB ALSO PLANS TO SEND BY SEPARATE CABLE PROCUREMENT
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INFORMATION PROVIDED IN THE PROJECT PROPOSAL WHEN IT IS LATER CIRCULATED TO BANK DIRECTORS FOR APPROVAL. USADB MIGHT ALSO LOOK INTO WAYS OF SUPPLEMENTING THESE REPORTS BY OBTAINING ADDITIONAL INFORMATION FROM THE BANK STAFF. AS APPROPRIATE, FURTHER REPORTS ON PROGRESS IN STAFF PREPARATION OF MAJOR PROJECTS WOULD BE HELPFUL.

4. WASHINGTON AGENCIES WANT TO COMMEND USADB FOR THE
ATTENTION AND INITIATIVE IT IS TAKING ON STIMULATING IN-
CREASED PROCUREMENT. WE LOOK FORWARD TO YOUR COMMENTS
AND RECOMMENDATIONS ON THE ABOVE PROPOSALS.

CHRISTOPHER

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